

## SUBCOMMITTEE NO. 2

## Agenda

Byron Sher, Chair  
Sheila Kuehl  
Bruce McPherson



### Summary of Actions

Thursday, March 25, 2004  
Upon Adjournment of Session  
Room 112

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### Resources--Environmental Protection—Public Safety—Energy

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## **Proposed Consent Items – Approve as Budgeted**

### **8690 Seismic Safety Commission**

The Seismic Safety Commission was established to improve earthquake preparedness and safety in California. Specifically, the commission is responsible for providing a consistent framework for earthquake-related programs and coordinating the administration of these programs throughout state government. The 17-member commission performs policy studies, reviews programs, investigates earthquake incidents, and conducts hearings on earthquake safety. The commission advises the Legislature and the Governor on legislative proposals, the state budget, and grant proposals related to earthquake safety.

<b>Seismic Safety Commission – Source of Funding</b>					
<b>Program</b>	<i>Funding (dollars in thousands)</i>				
	<b>2002-03</b>	<b>2004-04</b>	<b>2004-05</b>	<b>\$ Change</b>	<b>% Change</b>
General Fund	\$879	\$0	\$0	\$0	n/a
Insurance Fund	0	877	882	5	0.6%
Natural Disaster Assistance Fund	0	95	0	-95	n/a
Reimbursements	120	75	75	0	0.0%
<b>Totals, Programs</b>	<b>\$999</b>	<b>\$1,047</b>	<b>\$957</b>	<b>\$-90</b>	<b>-8.6%</b>
<b>Total Authorized Positions</b>	<b>6.5</b>	<b>6.8</b>	<b>6.8</b>	<b>0</b>	<b>0%</b>

*Budget Request:* The budget proposes total expenditures of \$957,000 (\$882,000 from the Insurance Fund and \$75,000 in reimbursements) for 6.8 positions at the commission. This amount is a decrease of \$90,000, or 8.6 percent from estimated current-year expenditures. Last year, the Legislature shifted funding for the Commission from the General Fund to the Insurance Fund.

*Staff Recommendation.* No issues have been raised. Staff recommends approval as budgeted.

### **8830 California Law Revision Commission**

The primary objective of the California Law Revision Commission (CLRC) is to make recommendations to the Governor and the Legislature for revision of the law. The CLRC assists the Governor and the Legislature in keeping the law up to date by studying complex subjects, identifying major policy questions for legislative attention, gathering the views of interested persons and organizations, and drafting recommended legislation for consideration. The CLRC may study only topics that the Legislature authorizes by concurrent resolution.

*Budget Request:* The budget proposes expenditures of \$527,000 (\$512,000 General Fund and \$15,000 in reimbursement authority) and 4.2 positions. This amount is \$1,000 greater than estimated expenditures in the current year. Pursuant to Control Section 4.10 CLRC was reduced by \$67,000 and 0.8 positions.

*Staff Recommendation.* No issues have been raised. Staff recommends approval as budgeted.

## 8840 Commission on Uniform State Laws

In conjunction with other states, the Commission on Uniform State Laws (CUSL) drafts and presents to the Legislature uniform laws deemed desirable and practicable by the National Conference of Commissioners on Uniform State Laws for adoption by the various states. The commission is composed of six members appointed by the Governor, one member of each house of the Legislature appointed by the respective house, the Legislative Counsel, and two life members of the National Conference.

*Budget Request.* The budget proposes expenditures of \$122,000 from the General Fund, the same as anticipated expenditures in the current year.

*Staff Recommendation.* No issues have been raised. Staff recommends approval as budgeted.

## 5480 Commission on Correctional Peace Officers' Standards and Training

The objective of the Commission on Correctional Peace Officers' Standards and Training (CPOST) is to enhance the training and professionalism of California's state correctional peace officers through the development of sound selection practices and effective, competency-based training programs.

CPOST is composed of six commissioners serving four-year terms. Two commissioners are appointed by, and represent, the management of the Department of Corrections, and one commissioner is appointed by, and represents, the management of the Department of the Youth Authority. Three Commissioners are appointed by the Governor upon recommendation by, and representing the membership of, the California Correctional Peace Officers' Association. Since of July 1, 2000, the CPOST has been separate from the Youth and Adult Correctional Agency, functioning as an independent entity within this agency.

*Budget Request.* The budget proposes total expenditures of \$1.1 million from the General Fund and 7.3 positions to develop, approve, and monitor selection and training standards for California's correctional peace officers. This amount is the same as anticipated current year expenditures. During the budget process last year, the budget for CPOST was reduced from \$2.1 million to \$1.1 million.

Pursuant to Control Section 4.10, CPOST was reduced by 37,000 and 1 position.

*Staff Recommendation.* No issues have been raised. Staff recommends approval as budgeted.

### Action.

**Without objection, Consent Items approved as budgeted.**

## **Budget Items to be Heard**

### **0820 Department of Justice**

It is the responsibility of the Attorney General to uniformly and adequately enforce the laws of the State of California. The Attorney General fulfills this mandate through the programs under his control at the Department of Justice (DOJ). There are five primary divisions within the department, including (1) Civil Law, (2) Criminal Law, (3) Public Rights, (4) Law Enforcement, and (5) Criminal Justice Information Services. In addition, there are the Directorate and Administration Divisions, Executive Programs, the Division of Gambling Control, and, as of January 1, 2000, the Firearms Division.

*Budget Overview.* The budget proposes \$621.9 million for the DOJ, which is a decrease of \$10.2 million, or 1.6 percent below current year expenditures. General Fund support of \$297.6 million represents a decrease by \$14 million, or 4.5 percent from the estimated current year budget.

<b>DOJ Program Requirements</b>					
<b>Program</b>	<i>(dollars in thousands)</i>			<b>Change</b>	<b>Percent Change</b>
	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>		
Directorate and Administration	\$24,445	\$24,521	\$24,788	\$267	1.1%
Distributed Directorate and Administration	-24,445	-24,521	-24,788	267	1.1%
Legal Support and Technology	42,140	45,089	43,907	-1,182	-2.6%
Distributed Legal Support and Technology	-42,140	-45,089	-43,907	-1,182	-2.6%
Executive Programs	14,156	12,601	13,704	1,103	8.8%
Civil Law	103,756	111,169	104,461	-6,708	-6.0%
Criminal Law	97,156	106,607	104,150	-2,457	-2.3%
Public Rights	55,182	60,303	59,813	-490	-0.8%
Law Enforcement	149,909	159,544	161,878	2,334	1.5%
California Justice Information Services	151,607	152,174	154,425	2,251	1.5%
Gambling	11,859	15,481	14,344	-1,137	-7.3%
Firearms	10,445	14,210	12,320	-1,890	-13.3%
State-Mandated Local Programs	2	1	1	0	0.0%
Less amount funded in the Political Reform Act	(216)	(216)	-216		n/a
Unallocated Reduction	0	0	-3,003	-3,003	n/a
<b>Total</b>	<b>\$594,072</b>	<b>\$632,090</b>	<b>\$621,877</b>	<b>-\$10,213</b>	<b>-1.6%</b>
<b>Authorized Positions</b>	<b>5,229.6</b>	<b>4,920.4</b>	<b>4,861.9</b>	<b>-58.5</b>	<b>-1.2%</b>

### **Major Budget Adjustments**

- A General Fund reduction of \$2.9 million and 276.8 positions pursuant to Control Section 4.10.
- A General Fund unallocated reduction of \$3 million.
- A fund shift of \$3 million from General Fund to the Restitution Fund for the California Witness Protection Program. In the current year, funding for this program had been transferred to the General Fund due to the lack of sufficient funds in the Restitution Fund.
- A General Fund decrease of \$1 million and 13 vacant positions for the California Methamphetamine Strategy Program (CALMS).
- An augmentation of \$2.4 million in federal funds for electronic surveillance equipment and overtime expenditures incurred for the CALMS program.
- A General Fund reduction of \$2.5 million due to a decline in the workload for *the Plata v. Davis* lawsuit.

**Budget Change Proposals.**

The following list summarizes additional Budget Change Proposals submitted by the DOJ.

Issue Title	Positions	Dollars
<b>1. Indian &amp; Gaming Law Section Workload.</b> Requests funding to make permanent 1.6 limited term positions (1 DAG and secretarial compliment) due to expire June 30, 2004 to represent the state's interest in matters pertaining to Indian gaming. (Special Funds).	1.6	\$223,000
<b>2. Natural Resources Law Section – Milk Litigation.</b> Requests permanent reimbursement authority and 1.6 positions to provide legal assistance that is currently being provided by private lawyers. (Reimbursement Authority).	1.6	223,000
<b>3. Juvenile Accountability Incentive Block Grant (JAIBG).</b> Requests a one-time increase in reimbursement authority to replace livescan devices funded by previous JAIBG grant awards with devices that will capture and transmit both fingerprints and palm prints. (Reimbursement Authority).	0	1,941,000
<b>4. Special Repairs for DOJ Forensic Lab.</b> Requests one-time funding for HVAC replacement and roof replacement for the Watsonville forensic lab. (General Fund).	0	255,000
<b>5. Automated Criminal History System Redesign.</b> Requests funding and positions to continue development and implementation of the redesign for the Automated Criminal History System. (Special Fund).	3	2,500,000
<b>6. Underwriters Litigation.</b> Requests one year funding to continue to fund specialist counsel with expertise in insurance coverage litigation. (General Fund).	0	5,126,000
<b>7. California Methamphetamine Strategy (CALMS) Program.</b> Requests federal fund expenditure authority for additional court-sanctioned electronic surveillance as part of the CALMS program. Request would also fund \$1.75 million in budget year plus one.(Federal Funds).	0	2,430,000
<b>8. National Criminal History Improvement Program (NCHIP).</b> Requests one-time funding and positions for Year 9 of this program. Funds are proposed to be primarily used for entering information into the Automated Criminal History System, indexing hard copy fingerprint cards (Federal Funds)	26	3,000,000
<b>9. Third Party Provider Workload.</b> Requests funding two-year limited term positions to regulate Third Party Providers of Proposition Player Services in card rooms. (Special Fund).	7	796,000
<b>10. CALFED Bay-Delta Program Representation.</b> Requests reimbursement authority and 4.1 positions to provide continuing legal representation for the CALFED program. (Reimbursement Authority)	4.1	485,000
<b>11. Gun Show Program – Transfer of Funding and Position Authority.</b> Requests a transfer of \$837,000 from the Division of Law Enforcement to the Firearms Division to better align the mission of the Firearms Division.	0	0
<b>12. Tribal Investigative Workload.</b> Requests funding to make expiring limited term positions permanent to address Indian gaming regulatory workload. (Special Fund).	7	671,000
<b>13. Transfer Sexual Habitual Offender Program (SHOP) Fund Authority.</b> Requests transfer of \$655,000 SHOP funds and 8 positions from the Division of Justice Information Services to the Division of Law Enforcement.	0	0
<b>14. Case Management Section Consolidation</b> Requests to internally redirect 15.5 positions and \$1.1 million General Fund into the newly formed Case Management Section.	0	0
<b>15. Certificate of Eligibility for Employees of Firearms Dealers.</b> Requests funding to process criminal offender record information requests for employees of firearms dealers pursuant to Chapter 502, Statutes of 2003. (Special Fund).	0	112,000
<b>16. Interdepartmental Transfer of IT Funds.</b> Requests authorization to internally transfer \$130,000 in special funds for information technology maintenance to the Division of Justice Information Services.	0	0

## Budget Issues

### 1. Unallocated Reduction

*Budget Request.* The budget proposes an unallocated reduction of \$3 million for the DOJ (about 1 percent of DOJ's total General Fund). The budget proposed to reduced another \$2.5 million from the Criminal Law Division for the Plata lawsuit. DOJ indicates that those monies had already been reduced from its budget. Therefore the unallocated reduction that DOJ will be facing is \$5.5 million.

*Staff Recommendation.* The DOJ has indicated that it will be allocating the reduction proportionately across its Division's General Fund appropriations. Staff recommends holding this issue open pending additional information on the programmatic impacts of these reductions.

Action.

Held open

### 2. License Approval Process

*Background.* The Gambling Control Act makes the Gambling Control Commission (CGCC) responsible for licensing and imposing fines on persons involved in controlled gambling activities, such as card rooms. With respect to Indian gaming, the CGCC is charged with reviewing licenses and permits to make findings of suitability to tribal gaming authorities to help assure that no unqualified or disqualified person is issued or allowed to hold a license. Individuals who must apply for gambling licenses include: (1) those who have a financial interest in the gambling establishment; (2) key employees of the gambling establishment, primarily management and those who handle money; (3) other employees of the gambling establishment; and (4) suppliers of gambling equipment and resources. The Division of Gambling within the Department of Justice (DOJ) is responsible for performing the background check on individuals.

*Issue.* Two years ago, the LAO raised an issue with respect to the DOJ's Division of Gambling and the license approval process. According to estimates at that time from the DOJ, there may be as many as 12,000 to 15,000 individuals designated as "key" employees from tribal gaming establishments who would have gambling licenses for review by the CGCC for findings of suitability. In addition to this number, there is an unknown number of those with a financial interest and certain suppliers of gaming equipment whose licenses are also to be reviewed by the CGCC in order to make findings of suitability.

<b>Division of Gambling Tribal Licensing Section</b>				
<b>Historical Data</b>				
Year	New Applications Received	Inactive Applications	Applications Forwarded to the CGCC	Applications in Progress <sup>a</sup>
2000 <sup>b</sup>	71	0	0	71
2001	668	340	0	399
2002	900	143	237	924
2003	1,424	341	813	1,282
2004 <sup>c</sup>	163	123	179	1,167
<b>Totals</b>	<b>3,226</b>	<b>947</b>	<b>1,229</b>	<b>1,167 <sup>c</sup></b>

<sup>a</sup> Cumulative applications as of the last day of the year or period.

<sup>b</sup> October 2000 through December 2000.

<sup>c</sup> As of March 15, 2004.

*Updated Numbers.* As can be seen in the table above, the DOJ indicates that it has received a total of 3,226 applications from designated “key” employees and has forwarded a total of 1,229 to the CGCC. The DOJ reports that of the 1,167 applications pending, over half have come in within the last 180 days. The majority of the applications pending are not complete; and the DOJ is waiting for additional information from the Tribal Gaming Agencies (TGA) in order to complete its investigations.

*DOJ Efforts to Streamline Process.* The DOJ indicates that it continues to work with the TGAs to ensure that the background investigation the TGA conducts meets the requirements of the Gambling Control Act, thereby reducing the need for additional investigation on DOJ’s part. In an effort to further streamline the process while ensuring due diligence, the DOJ indicates that it is now conducting a risk analysis on the applications which, in turn, dictates the steps required by the Division of Gambling to determine suitability of the applicant. The DOJ indicates that this new process will enable us to act on tribal key applications with even greater efficiency.

*Staff Comments.* The Subcommittee may wish to consider the following.

- What is the currently estimated number of designated “key” employees? If the number is still 12,000 to 15,000, then less than 25 percent of the applications for such employees has been received by the DOJ. What can be done to expedite the entire determination of suitability process?
- The DOJ indicates that the majority of applications that it receives are incomplete. What is being done to ensure that initial applications are complete?
- How long does it take for the DOJ to perform that necessary background check of an application prior to forwarding it the CGCC? The DOJ has indicated that it is considering implementing a risk assessment analysis on applications to reduce the necessary steps for determining suitability. What changes would this risk assessment process entail?

Informational Issue. No Action Necessary.

### **3. Consultant Fees for Underwriters Litigation**

*Background.* The state has brought two lawsuits against certain insurance companies to compel them to honor their obligations arising from the state’s conduct at the Stringfellow toxic dump site. Potential insurance coverage totals approximately \$200 to \$800 million, depending upon how certain legal issues are determined by the court. Estimated cleanup costs associated with the dump site range from \$400 to \$600 million. The state has been found liable for the clean up of the site in a federal Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA) action. The judgment in that action is now final.

There are two lawsuits. The *Underwriters* action was filed in 1993 against the state’s five largest insurers, who collectively provided 70 percent of the state’s coverage during the period 1963-1976. In 2002, the *Allstate* action was filed against the remaining insurers.

The Underwriters litigation has been divided into three phases. Phase I, which determined the physical makeup of the insurance policies concluded in 1997. Phase II, which considered the legal meaning of several key policy provisions was complete in 2000.

Phase III, the subject of the next trial, will also consider the issues relating to the legal meaning of several key policy provisions, which issues were not resolved in Phase II, and apply the fact of the underlying

CERCLA proceedings to the terms of the policy, determine whether the state is entitled to coverage from the five main insurers and if so, how much.

*Budget Request.* The budget proposes one-time funding of \$5.1 million from the General Fund to continue to fund specialist counsel with expertise in insurance coverage litigation.

The DOJ reports that Phase III is the main evidentiary phase of the case. Trial of this phase is expected to last four months and is set to commence in January 2005. DOJ states that this date is problematic given the cautionary statements made by the new trial judge in the last hearing on March 5, 2004.

<b>Historical Appropriations and Expenditures for Consultant Expenses on <i>Underwriters</i> Case</b>		
<b>Fiscal Year</b>	<b>Appropriation</b>	<b>Consultant Expenses</b>
1993-94	\$1,221	\$141
1994-95	\$1,462	\$502
1995-96	\$2,700	\$1,882
1996-97	\$3,700	\$2,694
1997-98	\$1,700	\$1,645
1998-99	\$3,500	\$1,781
1999-00	\$4,057	\$2,143
2000-01	\$3,928	\$3,020
2001-02	\$3,800	\$2,758
2002-03	\$3,850	\$3,933
2003-04*	\$5,754	\$1,912
<b>Total</b>	<b>\$35,672</b>	<b>\$22,412</b>

\* Expenditures as of March 2, 2004

Generally, Budget Act appropriations are available for encumbrance for one year and available for liquidation for two years after that. Thus unspent appropriations from 2003-04 would automatically revert to the General Fund at the end of the 2005-06 fiscal year.

*Staff Recommendation.* Given uncertainties concerning the start of the trial date and the length of the trial, staff recommends adopting budget bill language to revert unused General Funds at the end of the budget year.

Proposed Budget Bill Language – Department of Justice 2004-05 Budget Act.

Provisions:

7. Of the amount included in Schedule (6) of this item, \$5,126,000 is available for costs related to the Lloyd's of London (Stringfellow) litigation. Any funds not expended for this specific purpose as of June 30, 2005, are to revert immediately to the General Fund.

Action.

Without objection, approved budget bill language.

#### **4. New DNA Laboratory**

*Background.* The existing \$18 million 68,000 square foot Richmond laboratory is located in a leased facility. The department has a firm-term lease which runs through June 2006. The Richmond lab currently has a staff of around 150 scientists and support staff. The Richmond lab replaced a laboratory



in Berkeley that housed the state DNA and sex-offender data banks, and the missing persons DNA program. The DOJ also operates a research and development program to develop new DNA and criminalistics analysis techniques. The LAO notes that in view of the new DNA laboratory identified in last year's plan, the future of the leased Richmond facility is unclear.

*New Facility Planned.* The department plans to develop a new \$80 million 240,000 square foot statewide DNA laboratory to replace the existing Richmond facility. The new lab, to be located in the I-80 corridor between Davis and Fairfield, is planned to be nearly four times the size of the existing lab. The department indicates its proposal is based on assumed future workload and staff growth.

*Analyst's Recommendation.* The LAO notes that the planned facility would be a major expansion of the department's program space, and will require close scrutiny by the Legislature when a specific proposal is made. In view of the department's plan to construct a new DNA laboratory, the LAO recommends the department report at budget hearings regarding the status of planning efforts. This information should include available scope and cost documents, and available workload projections for the DNA program.

## 5. Use of Previous Appropriations for the Project

*Previous Appropriation for Site Acquisition.* The Legislature did appropriate \$2 million in the 2001-02 budget for site acquisition for a new statewide DNA lab. Provisional language provided that this capital outlay appropriation was to be available for site search, planning, and a site purchase option.

*Analyst's Recommendation.* The department indicates that these funds were not spent for their intended purpose but were instead used to satisfy various unallocated state operations cuts to the department's operating budget. The LAO indicates that it is unclear what authority the department used to take this action. The LAO recommends that the department explain at budget hearings why its capital outlay funds were not used for the purposes the Legislature designated.

*Staff Comments.* The DOF indicates that \$700,000 had been used to offset a reduction from a prior year and that \$1.3 million was used to meet Control Section 4.10 reductions (DOJ reduced its budget by \$2.9 million and 279 positions pursuant to Control Section 4.10). These capital outlay funds would have reverted to the General Fund at the end of the current year.

## 6. Other Budget Requests.

*Staff Recommendation.* Staff recommends holding the budget for DOJ open at this time. The Subcommittee may wish to ask DOJ about the programmatic impact of an additional 5 percent and 10 percent reduction in General Fund monies.

Action.  
Held open

## 0690 Office of Emergency Services

The Office of Emergency Services (OES) coordinates emergency activities to save lives and reduce property losses during disasters and acts as the state's conduit for federal assistance related to recovery from disasters. OES provides leadership assistance and support to state and local agencies in planning and preparing for the most effective use of federal, state, local, and private resources in emergencies. The emergency planning is based on a system of mutual aid in which a jurisdiction first relies on its own resources and then call for assistance from its neighbors. OES also serves as the agent for the state's Office of Homeland Security regarding the strategy and distribution of federal homeland security funds.

<b>Office of Emergency Services – Program Expenditures</b>					
<b>Program</b>	<i>Expenditures (dollars in thousands)</i>				
	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>\$ Change</b>	<b>% Change</b>
Mutual Aid Response	\$16,087	\$16,421	\$15,927	-\$494	3.0%
Plans and Preparedness	53,023	195,005	39,527	-155,478	-79.7%
Disaster Assistance	568,942	659,742	639,936	-19,806	-3.0%
Criminal Justice Projects	0	100,924	202,455	101,531	100.6%
CA Anti-Terrorism Information Center	0	3,350	6,700	3,350	100.0%
Administration and Executive	5,560	6,294	6,294	0	0.0%
Distributed Administration and Executive	-5,560	-6,294	-6,294	0	0.3%
State Mandated Local Programs	0	0	2	2	n/a
<b>Totals, Programs</b>	<b>\$638,925</b>	<b>\$976,337</b>	<b>\$905,442</b>	<b>-\$70,895</b>	<b>-7.3%</b>
<b>Total Authorized Positions</b>	<b>480.3</b>	<b>406.3</b>	<b>447.0</b>	<b>40.7</b>	<b>1.0%</b>

<b>Office of Emergency Services – Source of Funds</b>					
<b>Program</b>	<i>Expenditures (dollars in thousands)</i>				
	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>\$ Change</b>	<b>% Change</b>
General Fund	\$54,111	\$135,363	\$140,739	\$5,376	4.0%
Unified Program Account	589	612	612	0	0.0%
Nuclear Planning Assessment Special Account	2,753	3,296	3,072	-224	-6.8%
Local Prosecutors & Public Defenders Training	0	432	864	432	100.0%
Victim Witness Assistance Fund	0	8,341	16,683	8,342	100.0%
State Assistance for Fire Equipment Account	8	100	100	0	0.0%
High Tech Theft Apprehension & Prosecution	0	7,105	14,210	7,105	100.0%
Less funding provided by the General Fund	0	-6,980	-13,960	6,980	100.0%
Less funding provided by Federal Trust Fund	0	-125	-250	125	100.0%
Federal Trust Fund	578,359	825,424	740,234	-85,190	-10.3%
Reimbursements	3,105	2,769	3,138	369	13.3%
<b>Totals, Programs</b>		<b>\$976,337</b>	<b>\$905,442</b>	<b>-\$70,895</b>	<b>-7.3%</b>

*Budget Request.* The budget proposes total expenditures of \$905.4 million (\$140.7 million General Fund) for state operations and local assistance, a decrease of \$70.9 million from the estimated current year expenditures. The majority of funding for OES is local assistance (\$834.5 million).

One reason for the decrease in expenditures for 2004-05 is that the current year estimates include \$160.3 million in federal funds for equipment, training, and planning grants related to homeland security. The budget for 2004-05 currently only includes \$4.6 million in for these grants and anticipates a spring budget change proposal increasing this amount once the level of the federal fiscal year 2004 homeland security funds is known.

The current year budget includes a total of \$100.9 million from various funds for criminal justice projects transferred from the OCJP as of January 2004. The proposed budget includes full year funding of \$202.5 million for these programs.

## Major General Fund Adjustments

- A General Fund augmentation of \$60 million in the current year and \$40 million in the budget year to provide funds for recovery from the wildfires in Southern California.
- A reduction of \$2.6 million General Fund and 79.2 positions in the current year and budget year pursuant to Control Section 4.10. The OES reports reductions totaling 139 positions in the last two years, with 49 positions being transferred or laid off.

## Issues

### 1. Update on the Reorganization Plan for OCJP

*Background.* The Legislature and Governor, as part of the 2003-04 Budget Act, dismantled OCJP and transferred its programs to other agencies. Specifically, the act required that the DOF submit an interim plan on October 1, 2003 to the Chair of the Joint Legislative Budget Committee (JLBC) and a Reorganization Plan to the Legislature on March 1, 2004.

*Interim Plan to Eliminate OCJP.* As required by the 2003-04 Budget Act, the interim plan identified the state agencies that will receive the OCJP's programs, the necessary funds the receiving departments will require to operate these programs, and the savings resulting from the closure of OCJP. Specifically, the plan proposed to transfer OCJP's juvenile justice programs to the Board of Corrections (BOC), public safety programs to the Office of Emergency Services (OES), and the victims' services programs to OES. The plan also identified 50 positions for elimination at an estimated total savings (General Fund and federal funds) of \$504,000 in the current year, and \$2,285,000 in 2004-05.

Upon reviewing the interim plan, the Chair of the JLBC found it to be generally consistent with legislative intent and, therefore, recommended approval of the plan. However, the Chair identified several issues that should be addressed as part of the Governor's Reorganization Plan.

**Issues for Governor's Reorganization Plan** The LAO cites four issues for the Legislature to consider.

*Freed-Up Federal Funds.* First, the plan should specify how the administration proposes to spend approximately \$2 million in freed up federal funds that LAO has identified. The LAO indicates that these funds can be allocated for program administration and/or grant awards. The LAO notes that providing such information will allow the Legislature an opportunity to provide input regarding the allocation of these funds.

*Nexus Between Program and Receiving Department.* Second, the plan should demonstrate a nexus between the programs being transferred from OCJP and the programs currently being administered by the

receiving agency. Demonstrating such a nexus ensures that the receiving agency has the administrative infrastructure and the program expertise appropriate for carrying out the programs. It also reduces, and may eliminate, program overlap between state agencies and in so doing fosters the strategic use of state and federal funding for similar programs.

*Program Consolidations.* Third, the plan should also consider consolidating similar programs. To the extent that funding can be consolidated for similar programs as a result of this reorganization, administrative activities and related costs can be reduced, thereby freeing up administrative funds to support programs.

*Proven Cost-Effective Programs.* Finally, the reorganization plan should examine alternative future uses of the transferred federal funds to ensure that they are used to fund the most cost-effective programs. Some of OCJP's federally funded programs that the interim plan proposes to transfer have not been evaluated and, therefore, it is unknown whether they are effective. The plan should discuss redirecting this funding to programs with demonstrated cost-effectiveness or develop a plan to have these programs evaluated.

***Reorganization Plan Is Delayed.*** Although the 2003-04 Budget Act requires DOF to submit the Reorganization Plan to the Legislature March 1, 2004, the Governor's budget summary indicates that the plan will not be released until May 2004. The LAO has raised the concern that the late release of this plan will not provide the Legislature with an adequate amount of time for review.

*Analyst's Recommendation.* Because the 2003-04 Budget Act requires and the Legislature needs adequate time to review the Governor's Reorganization Plan, the LAO recommends that the Legislature require the DOF to adhere to the March 1, 2004 deadline for submitting a Reorganization Plan for OCJP. Additionally, the LAO recommends that DOF advise the Legislature at budget hearings as to how the Reorganization Plan addresses the issues identified above.

***Transition of Grant Administration.*** The table on the following page highlights the various grant programs proposed to be administered by OES in the budget year.

- The Subcommittee may wish to have OES present some of the challenges faced in transitioning these programs from OCJP, and plans for administering these programs in the current and budget year.

<b>OES Summary of Program Budget Amounts by Fund 2003-04 and 2004-05</b> (Dollars in Thousands)				
	03/04 Budget Authority			04/05 Budget
<b>SUMMARY OF ALL STATE FUNDS</b>	<b>8100 (OCJP)</b>	<b>0690 (OES)</b>	<b>Total</b>	
<b>GENERAL FUND</b>	<b>\$22,477</b>	<b>\$20,468</b>	<b>\$42,945</b>	<b>\$40,943</b>
Victims Legal Resource Center	21	20	41	41
Domestic Violence	2,365	365	2,730	730
Family Violence Prevention	25	25	50	50
Rape Crisis	25	25	50	50
Homeless Youth	198	198	396	396
Youth Emergency Telephone Referral	64	63	127	127
Child Sexual Abuse and Exploitation	151	151	302	302
Mandates Claim Bill	2	0	2	0
Community Crime Resistance	116	115	231	231
War on Methamphetamine	4,750	4,750	9,500	9,500
Vertical Prosecution Block Grants	4,088	4,088	8,176	8,176
Career Criminal Apprehension	433	433	866	866
Serious Habitual Offender	69	68	137	137
Evidentiary Medical Training	324	324	648	648
Child Justice Act (also federally funded)	38	0	38	0
Vertical Defense of Indigents	86	86	172	172
Public Prosecutors/Public Defenders Training	4	4	8	8
Suppression of Drug Abuse in Schools	1,208	345	1,553	690
Gang Violence Suppression	1,529	1,544	3,073	3,090
Multi-Agency Gang Enforcement Consortium	47	46	93	93
Rural Crime Prevention	1,671	1,670	3,341	3,341
Reimbursements	(1,387)	(502)	(1,889)	(1,005)
<i>Less Transfer to Fund 0597 - HTTAP</i>	<i>6,650</i>	<i>6,650</i>	<i>13,300</i>	<i>13,300</i>
<b>SPECIAL FUNDS</b>	<b>14,915</b>	<b>14,914</b>	<b>29,829</b>	<b>29,829</b>
Public Prosecutors/Public Defenders Training	396	396	792	792
Victim Witness Assistance	5,436	5,435	10,871	10,871
Rape Crisis	1,835	1,835	3,670	3,670
Child Sexual Abuse and Exploitation	489	489	978	978
High Technology Theft Apprehension/Prosecution	6,759	6,759	13,518	13,518
<b>FEDERAL TRUST FUND</b>	<b>85,104</b>	<b>67,168</b>	<b>152,272</b>	<b>134,342</b>
Domestic Violence	4,376	4,375	8,751	8,751
Violence Against Women Act	6,495	6,495	12,990	12,990
Rural Domestic Violence / Child Victimization	286	285	571	571
Rape Prevention	2,786	2,785	5,571	5,571
Victims of Crime Act	20,349	20,349	40,698	40,698
Forensic Sciences Improvement	179	179	358	358
Children's Justice Act	888	887	1,775	1,775
Byrne Local Law Enforcement Assistance	26,059	26,059	52,118	52,118
Residential Substance Abuse Treatment	4,568	4,567	9,135	9,135
Local Law Enforcement	441	441	882	882
Peace Officer Protective Equipment	638	637	1,275	1,275
Gang Violence Suppression	503		503	0
Juvenile Justice and Delinquency Prevention	3,030	0	3,030	0
Community Delinquency Prevention	2,501	0	2,501	0
Juvenile Accountability Incentive Account	10,885	0	10,885	0
Juvenile Justice - Project Challenge	557	0	557	0
Unallocated Redirection from State Ops	454	0	454	0
<i>Less Transfer to Fund 0597 - HTTAP</i>	<i>109</i>	<i>109</i>	<i>218</i>	<i>218</i>
<b>TOTAL FUNDS</b>	<b>\$122,496</b>	<b>\$102,550</b>	<b>\$225,046</b>	<b>\$205,114</b>

## 2. Domestic Violence Grants

*Background.* In FY 2001/02, OCJP released a competitive Request for Proposal (RFP), which resulted in ten shelters previously funded under DVAP not being reselected for funding. Shortly thereafter, AB 664 was passed to appropriate \$2 million per year for three years to fund the ten shelters previously funded by OCJP. The OES notes that the former Interim Executive Director of OCJP indicated in a Senate Oversight Hearing on Domestic Violence, that the ten shelters would be merged into the DVAP after AB 664 expired.

The OES indicates that the funding level for the AB 664 shelters was based on the shelter's funding level in FY 2000/01. This resulted in some of the ten shelters receiving a different funding amount than they would have received if selected for funding through DVAP. In addition, these projects have not received any cuts over the last three years.

Three-year emergency funding for the 10 AB 644 shelters ends September 30, 2004. OCJP notified the AB 664 shelters in August that this was the final year of funding. It is the OES's Criminal Justice Programs Division's (CJPD) goal to give at least six months notice to any grant funded project whose funding may be affected by the DVAP funding, in order to give them adequate time to prepare for reductions/loss of funds.

<b>OCJP/OES Funding for Domestic Violence Shelters for the Last Three Years</b> (Dollars in Thousands)			
Source of Funds	2001-02	2002-03	2003-04
Federal Family Violence Prevention	\$4,882	\$4,763	\$4,959
Federal Victims of Crime	7,428	8,954	8,143
Federal Violence Against Women	925	277	0
State General Funds/ AB 644	2,025	2,025	2,025
State General Funds	1,460	727	730
<b>Total</b>	<b>\$16,719</b>	<b>\$16,744</b>	<b>\$15,857</b>

*Staff Comments.* The Subcommittee may wish to ask the OES how much funding will be available for these programs in the budget year, and what its plans are to fund the 85 domestic shelter programs currently funded once that the funding from AB 644 ends in September.

Action.

Held open pending additional information from OES.

## 3. Mandates

Budget proposed to defer the following two mandate. These mandates were deferred last year.

- Ch. 411, Statutes of 1995: Crime Victim's Rights
- Ch. 1249, Statutes of 1992 and Ch. 666, Statutes of 1995: Threats Against Peace Officers

Budget proposes repeal of 3 mandates:

- Ch. 1032, Statutes of 1980 Deaf Teletype Equipment. LAO also recommends repeal as a long suspended mandate.
- Ch. 1334, Statute of 1987: CPR Pocket Masks. LAO also recommends repeal as a long suspended mandate.
- Ch 36, Statutes of 1994: Sex Crime Confidentiality funding suspended in the current year LAO also recommends repeal with amendments to Public Records Act. This mandate was suspended last year.

*Staff Recommendation.* Staff recommends approving the proposed mandate deferrals as budgeted. Separate legislation proceeding through the policy committee process would repeal the mandates proposed for repeal. Staff recommends suspending the mandates proposed for repeal, pending the outcome of the legislation repealing the mandates.

Action.

Without objection, approved staff recommendation. CPR Pocket Masks will be heard in Sub 4 under Budget Item 9210.

#### 4. Other Support Requests.

*Staff Recommendation.* Staff recommends holding open the budget for OES at this time, pending additional information on federal grants that will be available at the time of the May Revise. The Subcommittee may wish to ask the OES about the programmatic impacts of an additional 5 percent and 10 percent reduction in General Fund monies.

Held open

#### 5. Capital Outlay

Although the LAO has no issues with the budget, the 2003 infrastructure plan for the office includes two projects about which the LAO has raised concerns.

##### *Infrastructure Plan*

The 2003 California Five Year Infrastructure Plan shows the OES identified almost \$50 million in infrastructure needs. Of this total, \$40 million would replace two- operations centers

*Need for and Scope of Planned Operations Centers Unclear.* The LAO recommends that the office report at budget hearings on its current plans for replacing two operations centers.

*Coastal Region Coordination Center.* The existing coastal region operations center is located in leased space in Oakland that does not meet the requirements of the state Essential Services Building Act. The prior administration did not support funding in the infrastructure plan for a replacement facility because OES has not evaluated its programmatic and facility needs in light of a reduction in staff at the coastal region office.

*Southern Region Coordination Center.* The existing southern region coordination center is located at the Los Alamitos airfield in two modular buildings that do not meet the standards required by the Essential Services Building Act. The infrastructure report indicates the prior administration supported \$27 million primarily for replacement facilities but noted that OES has not yet determined what services need to be delivered in southern California or developed a strategy for delivering them.

The LAO reports that it is unable to evaluate the need for, and scope and cost of, either proposal. The LAO recommends that the office report at budget hearings on its current plans for replacing these operations centers.

#### 1. Office of Homeland Security – Informational Item

In February 2003, executive order D-67-03 established the Office of Homeland Security(OHS). The order established the Director of the OHS as the individual primarily responsible for coordinating state security efforts of all departments and agencies. The mission of the OHS is to develop and coordinate the implementation of a comprehensive strategy to coordinate security activities throughout the state. The Director of OES reports to the Director of OHS.

The OHS does not have a separate line item in the budget bill or the Governor's proposed budget.

The Subcommittee may wish to ask OHS the following questions:

- How many positions exist at OHS? Where are those positions borrowed from?
- Does OHS have a timeline for submitting a budget proposal before the Legislature?

## 2. Homeland Security Grants – Informational Item

Excluding funding for federal fiscal year 04, California has received a total of \$281 million in federal homeland security funding. The majority of these funds have been in the form of equipment grants for first responders. The Table below highlights the grants.

Of the total funds, \$229.6 million was distributed to local government agencies, \$22.1 to the CHP, \$11.6 million to the Military Department, \$12.1 million to other state agencies, and \$5.9 million was retained by OES.

<b>Homeland Security Grants</b>		
<b>Grant Name</b>	<b>Amount</b>	<b>Description</b>
Federal Fiscal Year (FFY) 2000 & 2001 State Domestic Preparedness Grant Program	\$14,833	Designated for eligible equipment for emergency first responders. \$2.6 million distributed to CHP and \$12.2 million to local government agencies.
FFY 2002 State Domestic Preparedness Grant Program	\$24,831	Intended to further enhance the capabilities of state and local responders. Of the total, \$23.7 million in equipment funds and \$1.1 million in exercise funds. \$20 million distributed to local government agencies.
Federal Emergency management Agency (FEMA) FFY 2002 Supplemental Appropriation	\$11,937	Intended to ensure that Emergency Operation Plans (EOPs) are updated to address all hazards with an emphasis on weapons of mass destruction (WMD) and terrorism preparedness. The state retained 25 percent for state agency planning with the remainder distributed to local and tribal governments.
FFY 2003 State Homeland Security Grant Program, Part I	\$45,023	\$31.6 million for equipment, \$7.9 million for exercises, \$2.4 million for training, and \$3.2 million for planning and administration. Local Operational Areas to receive 80 percent and the state to retain 20 percent.
FFY 2002 State Homeland Security Grant Program, Part II	\$119,256	\$103.4 million intended for equipment, exercises, training, planning, and administration related to first responder preparedness. Local Operational Areas to be issued 80 percent and the state 20 percent. \$15.9 million for Critical Infrastructure Protection (CIP) – designed to cover costs associated with increased security measures at critical infrastructure sites during periods of heightened threat. 50 percent of these funds for local government.
FEMA FFY 2003 Emergency Management Program Grant	\$3,162	Intended to enhance state and local emergency management efforts. \$1.6 distributed to OES and \$1.5 million to local governments.
FFY 03 Urban Areas Security Initiative (UASI) Grant Program Part II	\$62,202	Grant to five urban areas for equipment, exercises, training, planning, and administration. Some funds available for CIP. UASI Part I was provided directly to urban areas by the federal government.
<b>Total</b>	<b>\$281,244</b>	

The budget proposes allocation of \$160.3 million in federal funds in the current year for training, equipment, and planning grants related to homeland security. The budget currently only includes \$4.6 million in 2004-05 for these grants and anticipates a spring budget change proposal increasing this amount once the level of the federal fiscal year 2004 homeland security funds is known.



The Subcommittee may wish to ask the following questions:

1. What criteria is used to determine which local governments to fund and how much?
2. How does OHS determine which state agencies to fund and at what levels?
3. What timelines does OHS have for distributing federal homeland security funds?
4. Does OHS currently have an estimate for the amount of FFY 2004 homeland security grants that CA will receive?

## 5430 Board of Corrections

The Board of Corrections works in partnership with city and county officials to develop and maintain the standards for the construction and operation of local jails and juvenile detention facilities, as well as standards for the employment and training of local corrections and probation personnel. The board also disburses training funds, administers the allocation of funds to counties for the federal Violent Offender Incarceration/Truth-in-Sentencing Grant Program, the Juvenile Hall/Camp Restoration Program, the Mentally Ill Offender Crime Reduction Grant Program, and the Juvenile Crime Enforcement and Accountability Challenge Grant Project. In addition, the board regularly conducts special studies in penology and corrections.

<b>Board of Corrections - Source of Funds</b>					
<b>Program</b>	(dollars in thousands)			<b>Change</b>	<b>Percent Change</b>
	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>		
General Fund	\$96,817	\$23,259	\$1,343	-\$21,916	-94.2%
Corrections Training Fund	18,345	2,463	2,361	-102	-4.1%
Federal Trust Fund	36,850	101,989	69,503	-32,486	-31.9%
Reimbursements	514	707	488	-219	-31.0%
Board of Corrections Admin Fund	0	0	1,886	1,886	n/a
<b>Totals</b>	<b>\$152,526</b>	<b>\$128,418</b>	<b>\$75,581</b>	<b>-\$52,837</b>	<b>-41.1%</b>

*Budget Overview.* The budget for the Board of Corrections (BOC) proposes total expenditures of \$75.6 million which is a decrease of \$52.8 million, or 41.1 percent from estimated current year expenditures. This decrease is due primarily to the completion of federal fund and General Fund grant programs from previous years. The federal fund portion of the proposed budget is \$69.5 million, a decrease of \$32.5 million. The General Fund portion of BOC's budget is proposed to decrease by \$21.9 million (94.2 percent) for a total of \$44.8 million.

The proposed funding for state operations is \$8.2 million, which is a decrease of \$463,000 from the current year. The number of authorized personnel would increase from 62.8 positions to 68 positions. The proposed local assistance budget is \$67.4 million, which is a decrease of \$52.4 million from estimated current year expenditures.

<b>Board of Corrections - Summary of Program Expenditures</b>					
<b>Program</b>	(dollars in thousands)			<b>Change</b>	<b>Percent Change</b>
	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>		
Corrections Planning and Programs	\$131,799	\$105,237	\$34,828	-\$70,409	-66.9%
Facilities Standards and Operations	2,125	2,406	2,009	-397	-16.5%
Standards and Training for Local Officers	18,600	2,719	2,616	-103	-3.8%
Administration	333	352	352	0	0.0%
Distributed Administration	-333	-352	-352	0	0.0%
State-Mandated Local Programs	2	1	1	0	0.0%
<b>Totals</b>	<b>\$152,526</b>	<b>\$128,418</b>	<b>\$75,581</b>	<b>-\$52,837</b>	<b>-41.1%</b>
<b>Authorized Positions</b>	<b>62.8</b>	<b>62.8</b>	<b>68.0</b>	<b>5.2</b>	<b>8.3%</b>

*Control Section 4.10 Reductions.* Pursuant to Control Section 4.10, the budget for BOC was reduced by \$452,000 (\$283,000 General Fund, \$110,000 reimbursement authority, \$31,000 Corrections Training Fund, and \$28,000 federal fund), and 6 positions.

*STC Program Eliminated Last Year.* Last year, the budget eliminated the Standards and Training for Corrections (STC) program and approved a transfer of \$9.6 million from the Corrections Training Fund to the General Fund. This program provided reimbursements for training costs of local correctional officers.

<b>Budget Change Proposals</b>		
	<b>Issue</b>	<b>Dollars</b>
1	<b>Implement an Administration Fund and Convert General Fund Programs to Fee Based Funding.</b> Requests to convert the funding source for the Executive Office, Local Adult and Juvenile Facilities Standards and Inspections, and Juvenile hall Suitability Inspection Process from General Fund to a city/county reimbursed fee structure (Requires Trailer Bill Language).	\$1,710,000
2	<b>Convert Local Juvenile Detention Facilities Inspection Process from General Fund to Administration Fund.</b> Requests to convert the funding source for the Local Juvenile Detention Facilities Inspection Process from General Fund to a to a city/county reimbursed fee structure (Requires Trailer Bill Language).	\$176,000

### *Issues*

#### **1. Conversion of General Fund Programs to Fee Based**

*Budget Request.* The budget proposes to convert the funding source for the Executive Office, Local Adult and Juvenile Facilities Standards and Inspections, and Juvenile Hall Suitability Inspection Process from General Fund to a city/county reimbursed fee structure. The proposal would authorize an Administration Fund and would implement a county-reimbursed fee structure whereby counties and cities would reimburse the state for the operation of the Executive Office of the BOC and a portion of the costs associated with the establishment, promulgation, and maintenance of minimum standards for adult and juvenile detention facilities, as well as the biennial inspection of all adult and juvenile detention facilities.

*Costs For These Programs.* The total costs for these functions is \$1.8 million. Under the proposal, the BOC would charge locals a fee per type of facility. Assuming all the counties elected to continue the services provided by the BOC, the charge per adult facility would be from \$1,500 up to \$3,150 annually, depending upon the type and size of facility, and the charge per facility would be from \$3,000 up to \$45,000 annually, depending upon the type and size of facility.

*Trailer Bill Language.* The proposed trailer bill language authorizes rather than requires the BOC to perform inspections of facilities, eliminates the biennial frequency of the inspections, and authorizes the BOC to charge fees to reimburse the BOC for services. The proposal would allow counties to opt out of standards and inspections by not paying the BOC for the service.

*Background on Previous Elimination of Juvenile Inspections.* Budget constraints in 1992 resulted in the elimination of juvenile hall and camp inspections by the California Youth Authority (CYA), which had been authorized in 1955 to establish standards for the operation and maintenance of local juvenile facilities. In lieu of these inspections, the Legislature instituted a process of self-certification.

In response to growing concern about deteriorating conditions in some juvenile facilities, the Legislature reinstated an independent inspection process in the 1995 Budget Act, which transferred responsibility for all local juvenile facilities from the CYA to the BOC and set in statute the requirement that the Board

inspect and report on the management, operation, and physical plant condition of all of California's county juvenile halls camps, and ranches (Welfare and Institutions Code Sections 209, 210, 885, and 886.5). Additionally, juvenile detention facilities are inspected for compliance with standards set forth in Title 15 and 24, California Code of Regulations to ensure they operate at constitutionally adequate levels.

According to the BOC, in 1996/97 after the first inspection cycle, the BOC found that a majority of facilities inspected (46 of 58 facilities) were operating in non-compliance with minimum standards. The initial review also revealed numerous other deficiencies related to such issues as crowding, use of force, discipline, staffing, services, and other operational areas.

*Staff Comments.* The BOC indicates that it has been working with the federal government to see if some of its administrative costs regarding facility reviews and inspections can be funded through federal funds. It may be possible that federal funds could be used to offset all but about \$500,000 of the General Fund portion of BOC's budget.

*Issues to Consider.*

- Assuming BOC can use federal funds for some of these administrative costs, BOC will be able to achieve significant General Fund savings (up to \$1.3 million) without imposing fees, or cutting their local facility data keeping. Does it make sense reduce but not eliminate General Fund in order to continue mandatory oversight.
- Given the fiscal constraints being felt by counties, will counties decide to pay fees for the services?
- Given the experience with self-certification between 1992 and 1996 with juvenile facilities does it make sense to continue mandatory oversight by the BOC?
- Are there other alternatives, such as state licensing of facilities that could pay for the cost of these functions while maintaining them as mandatory.

*Elimination of Juvenile Facility Data Collection.* The language also eliminates the requirement that BOC collect and publish biennial data on the number, place, and duration of confinements of minors in jails and lockups.

- The Subcommittee may wish to ask BOC whether it would continue to collect and publish "Juvenile Detention Survey" data. This information is the only statewide source of data on the number, characteristics, and conditions of juveniles incarcerated in local juvenile justice facilities.

*Staff Recommendation.* Staff recommends holding this issue open at this time.

Action.

Held open.

## **2. Transition of Federal Juvenile Justice Grant Programs From OCJP**

*Background.* The Legislature and Governor, as part of the 2003-04 Budget Act, dismantled OCJP and transferred its programs to other agencies. Specifically, the act required that the DOF submit an interim plan on October 1, 2003 to the Chair of the Joint Legislative Budget Committee (JLBC) and a Reorganization Plan to the Legislature on March 1, 2004. The interim plan identified the state agencies that will receive the OCJP's programs, the necessary funds the receiving departments will require to

operate these programs, and the savings resulting from the closure of OCJP. Specifically, the plan proposed to transfer OCJP's juvenile justice programs to the Board of Corrections (BOC), public safety programs to the Office of Emergency Services (OES), and the victims' services programs to OES.

*Budget Request.* The budget includes \$36.1 million (\$507,00 General Fund, \$10,000 Reimbursements, and \$35.6 million federal funds) and 10.8 positions related to the transfer of the juvenile justice grants from OCJP.

*Staff Comments.* The Subcommittee may wish to have BOC present some of the challenges faced in transitioning these programs from OCJP, and plans for administering these programs in the current year and the budget year.

## 5460 Department of the Youth Authority

The goals of the California Youth Authority (CYA) are to provide public safety through the operation of secure institutions, rehabilitate offenders, encourage restorative justice, transition offenders back to the community, and support local government intervention programs.

<b>Youth Authority -- Funding Sources</b>					
<b>Funding Sources</b>	(dollars in thousands)				<b>Percent</b>
<b>Program</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>Change</b>	<b>Change</b>
General Fund	\$358,139	\$361,379	\$316,727	-\$44,652	-12.4%
Lottery Education Fund	335	374	548	174	46.5%
Federal Trust Fund	737	2,702	1,495	-1,207	-44.7%
Reimbursements	66,519	70,348	59,356	-10,992	-15.6%
<b>Totals</b>	<b>\$425,730</b>	<b>\$434,803</b>	<b>\$378,126</b>	<b>-\$56,677</b>	<b>-13.0%</b>

*Budget Overview.* The Governor's Budget proposes expenditures of \$378.1 million, a decrease of \$56.7 million, or 13 percent from the current year. Of the total, \$316.7 million is General Fund, which is a decrease of \$44.7 million, or 12.4 percent below the current year. Of the General Fund appropriation, \$34 million is General Fund- Proposition 98, a decrease of \$2.7 from current year expenditures. Authorized positions are proposed to be 3,797.9, which would be a decrease of 479.7 positions from the current year. This reduction is primarily due to an estimated decrease in the ward population and the closure of five facilities. The budget estimates that it will receive \$59.4 million in reimbursement in 2004-05. Of this amount, the budget assumes \$32 million in reimbursements come from fees that counties pay for the wards they send to the CYA.

<b>Youth Authority Program Expenditures</b>					
<b>Spending by Program</b>	(dollars in thousands)				<b>Percent</b>
	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>Change</b>	<b>Change</b>
Institutions and Camps	\$322,117	\$337,949	\$291,143	-\$46,806	-13.9%
Parole Services	54,160	44,844	39,589	-5,255	-11.7%
Education Services	47,869	48,733	43,611	-5,122	-10.5%
Administration	28,364	29,850	30,161	311	1.0%
Distributed Administration	-26,870	-28,266	-29,429	1,163	4.1%
<b>Totals, All Programs</b>	<b>\$425,730</b>	<b>\$434,803</b>	<b>\$378,126</b>	<b>-\$56,677</b>	<b>-13.0%</b>
<b>Authorized Positions</b>	<b>4,509.0</b>	<b>4,277.6</b>	<b>3,797.9</b>	<b>-479.7</b>	<b>-11.2%</b>

## 1. Overview

The purpose of the Youth Authority Act, codified in Welfare & Institutions Code Section 1700, is to rehabilitate youthful offenders.

**1700.** The purpose of this chapter is to protect society from the consequences of criminal activity and to that purpose community restoration, victim restoration, and offender training and treatment shall be substituted for retributive punishment and shall be directed toward the correction and rehabilitation of young persons who have committed public offenses.

**CYA Mission Statement.** “The mission of the CYA is to protect the public from criminal activity by providing education, training, and treatment services for youthful offenders committed by the courts; assisting local justice agencies with their efforts to control crime and delinquency; and encouraging the development of state and local programs to prevent crime and delinquency.”

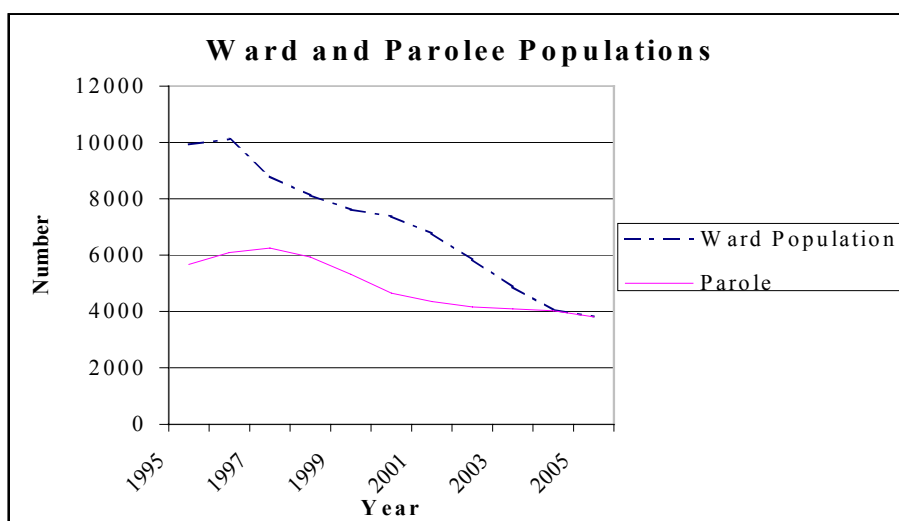
### *CYA at a Glance.*

<b>Characteristics of the CYA population as of June 30, 2003</b> (Showing Percentages of Totals)	
Category	Percentage
<b>Gender</b>	
Male	95.2
Female	4.8
<b>Court of Commitment</b>	
Juvenile	97.3
Criminal	2.7
<b>Top Five Counties of Commitment</b>	
Los Angeles	26.3
San Bernardino	8.1
Fresno	6.0
Alameda	4.7
Riverside	4.7
<b>Commitment Offense</b>	
Violent Offenses	58.4
Property Offenses	24.3
Drug Offenses	3.9
Other Offenses	13.4
<b>Admission Status</b>	
1 <sup>st</sup> Commitment	84.1
1 <sup>st</sup> Return	11.7
2 <sup>nd</sup> Return	3.5
3 <sup>rd</sup> Return or more	0.7
<b>Ethnicity</b>	
White	16.4
Hispanic	48.0
African American	29.9
Asian	3.4
Other	2.3
Average Age (years)	19.4

***CYA Population Estimates.***

**Ward Population Estimates.** The proposed budget estimates that the ward population will decrease by 500 (11 percent) below previous estimates for the current year to 4,055 on June 30, 2004. The budget is based on estimates that the ward population will decline by another 235 wards (5.8 percent) in the budget year, resulting in a ward population of 3,820 by June 30, 2005. The ward population has reduced in recent years from 10,114 wards at the end of the 1995-96 fiscal year. Long range projections call for the institution population slowly decrease to a total ward population of 3,730 by the June of 2008.

**Parolee Population Estimates.** The proposed budget estimates that the parole population will decrease to 4,025 by the end of current year, and to decrease by 215 cases to 3,810 by June 30, 2005. The department attributes the expected decrease to the declining institution population that will result in fewer parole releases. The parole population has reduced in recent years from 6,249 at the end of the 1996-97 fiscal year. The population projections estimate the parole population to steadily drop to 3,515 by June 30, 2008.



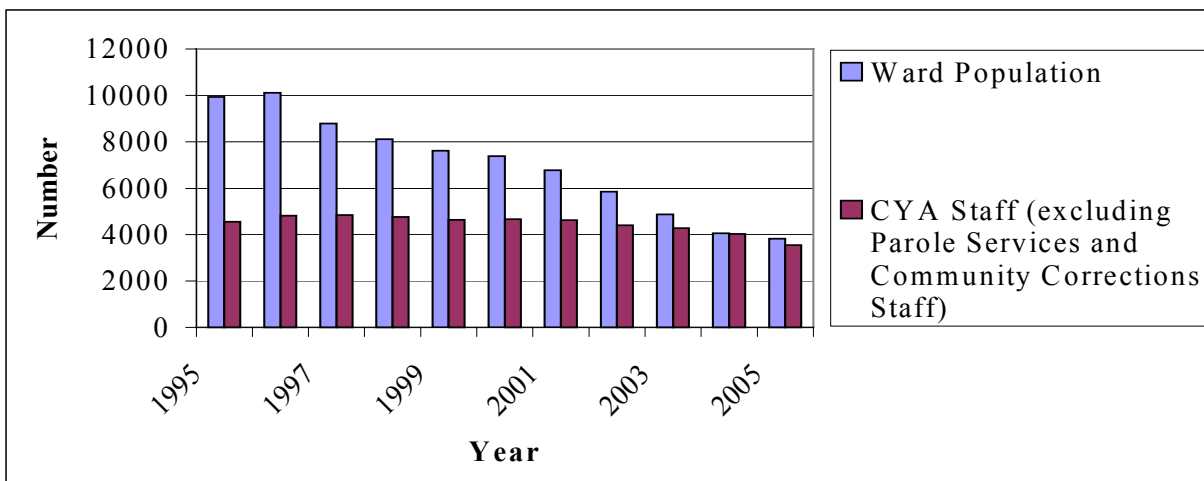
**Population Projections will Be Updated.** The department will be releasing Spring population estimates with the May Revise which will likely include slight upward projections in the ward population estimates. Most of the increase is due to an 140 juveniles currently housed at CDC's California Correctional Institution at Tehachapi who will be transferred the Heman Stark Youth Correctional Facility.

**Effect of Governor's TANF Proposal Not Included in Projections.** The budget proposes a reduction to TANF funds going to county probation. This issue is in the jurisdiction of Subcommittee #3. The proposal would reduce \$134 million in TANF funds going to probation in 2004-05 and \$200 million in 2005-06. The impact of this reduction is not included in the CYA's population projections assumed in the budget. County probation departments have indicated that the loss of these funds will have a devastating impact on their operations, and will likely lead to the closures of county ranch and camp facilities. To the extent that locals close ranches and camps, counties may end up sending additional wards to CYA due to lack of options at the county level.

**Juveniles at CDC to be transferred to the CYA.** The CDC will be transferring juvenile inmates from CDC facilities to the CYA. The budget assumes 140 juveniles will be transferred to the CYA this Spring. The CYA indicates the number of juveniles at CDC fluctuates between 80 and 140 juveniles (as of December 2003 CYA reports that there were 123 juvenile inmates that number was 99 in February 2004) and that an average of 10-12 juveniles are sentenced to CDC every month. The CYA intends to house the juveniles at Heman G. Stark Youth Correctional Facility.



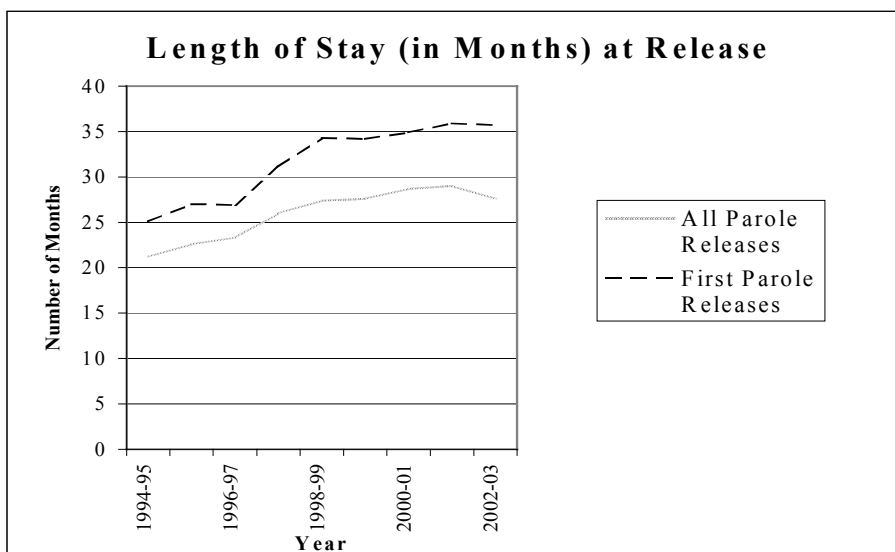
**Staff Resources at CYA.** As can be seen in the table below, in the last ten years, the staff ratios for CYA have changed significantly.



In the current year, the staff ratio (excluding Parole and Community Corrections staff) is 1:1. The CYA indicates that this ratio better approximates the staffing ratios in other states. The following table shows a staffing ratio comparison with 5 other states that officials of CYA visited in 2000.

Survey of Staffing Ratios from 5 States in 2000			
State	Total Employees	Institution Population	Staff:Ward Ratio
California	5,212	7,113	7:10
Texas	5,064	5,540	9:10
New York	3,049	2,239	14:10
Ohio	2,031	2,021	1:1
Illinois	1,495	1,893	8:10
Pennsylvania	1,193	727	16:10

**Average Cost Per Ward.** The average cost per ward (based on total CYA expenditures minus parole services and the ward population at the end of the fiscal year) was \$76,157 in 2002-03. The average cost is projected to be \$96,167 in the current year, and \$88,622 in the budget year.



In recent years there have been a number of problems at the CYA.

Chronology of Recent Events at CYA	
Date	Event
5/2000	Joint Oversight Hearing of the Senate and Assembly Committees on Public Safety. Testimony addressed levels of fear, violence and gang activity in CYA institutions; inconsistent and unacceptable staffing practices, including use of force and lock down policies; inadequate resources and practices for mental health and education services; and related issues. Inspector General Steve White testified “it would be impossible to overstate the dimension of the problem” at CYA.
5/2000	In response to legislative scrutiny, Youth & Adult Corrections Secretary Robert Presley directs the Board of Corrections to establish an independent steering committee of experts to provide technical assistance and recommendations on CYA.
6/2000	Governor vetoes Legislative budget augmentation providing additional mental health treatment, sex offender treatment, and substance abuse treatment services to CYA wards and parolees, indicating that the need for the level of services assumed in the augmentation was unclear.
10/2000	The Board of Corrections Releases “Institutions Operational Quality Assurance Project for the California Youth Authority.”
7/2001	Release of “Report of Forensic Mental Health Assessment: Mental Health Services to California Youth Authority,” Dennis F. Koson, M.D. and Joel A. Dvoskin, Ph.D. (commissioned by CYA)
12/2001	“Stanford Report” Assessing the Mental Health System of the CYA is released. (Report required by the Budget Act of 2000-2001)
1/2002	<i>Stevens v. Harper</i> case filed in federal court on behalf of all juvenile offenders housed in 11 CYA facilities throughout the state. Issues include: physical safety of wards; administration of confinement in security management programs; lockdown procedures; status of physical facilities; procedural due process practices for discipline and segregation; medical and dental care; mental health care; programming and rehabilitation activities; attorney client communications; disability discrimination; and religious services. Case dismissed on plaintiffs’ motion on June 13, 2003 and refiled in State Court (see below).
1/2002	Governor’s Budget requests \$14.98 million (\$10.7 million in 2002-03 and \$4.263 million in 2003-04) for the Department of Justice (DOJ) to fund external consultant expenses to defend CYA.
1/2002	Joint Legislative Budget Committee denies DOJ’s 2002-03 fiscal year request for \$10.7 million for CYA litigation expenses.
5/2002	Release of “Final Report: Utilization Review and Planning for Licensed Inpatient Beds; A Study Prepared for the Department of the Youth Authority.” Dennis F. Koson, M.D., Joel A. Dvoskin, Ph.D. (commissioned by CYA)
6/2002	Budget Conference Committee approves compromise \$1.6 million augmentation to fund state’s response to CYA lawsuit. This includes \$550,000 to retain experts mutually acceptable to the parties to objectively assess CYA services and practices pertaining to mental health, health care, education, disability access, use of force, programming and general correctional conditions.
1/2003	Prison Law Office lawsuit against CYA re-filed in Alameda Superior Court ( <i>Farrell v. Harper</i> ).
1/2003	CYA experts retained.
12/2003	Court overrules CYA’s demurrer; case proceeds.
1/2004	CYA Expert Reports Released.

As identified in the chronology above, in response to a lawsuit over a wide range of issues at CYA, plaintiffs and CYA agreed to retain experts in a variety of fields to objectively assess CYA services in the areas of Violence, education, health care services, mental health and substance abuse treatment programs, and gang programs.

Findings from the expert reports suggest that the CYA is failing in its rehabilitative mission and document serious deficiencies in the following areas:

***The Level of Violence at CYA Institutions.*** This report includes findings that the CYA is a very dangerous place and that the level of ward-on-ward and ward-on-staff assaults are unprecedented in juvenile corrections across the nation. The report notes that CYA has made significant strides in some issues such as better oversight of the restricted program. Nonetheless, the report raises many concerns about the safety of wards and staff, use of excessive force by staff, verbal abuse by staff, deficiencies in the ward grievance system, and the use of cages for educational, counseling, and recreational purposes.

- “The YA suffers from a serious problem of violence in its institutions.... Of equal importance, the climate of violence has engendered high levels of fear among wards and staff that affect virtually all aspects of daily operations. These tensions produce an extensive use of force, especially chemical agents. . . . (Krisberg, p. 42)

***Adequacy of Mental Health Care.*** The report notes that there are deficiencies in the competency and effectiveness of mental health staff, the over use of chemical restraints for crisis management, inconsistent and substandard practices for the use of psychotropic medication, and mental health standards that are inadequately and inconsistently adhered to.

- “The mental health care provided by the CYA is not adequate and does not conform to community standards or to the professional standards identified in this report.” (Trupin and Patterson, p. 9)
- “The vast majority of youths who have mental health needs are made worse instead of improved by the correctional environment.” (Trupin and Patterson, p. 17)
- “We observed youths that were in clear distress and, in a few cases, mental health staff who recognized this distress attempting to address the youth’s issues, only to have the custody response be based on ineffective punitive approaches which only altered the youth’s non-compliant behavior temporarily and did not reduce the likelihood of re-occurrence. The observed procedures included the assignment of lengthy SMP stays, restrictive housing, and/or use of OC spray regardless of the youth’s mental status.” (Trupin and Patterson, p. 14)

***Substance Abuse and Treatment Programs.*** The expert report notes that CYA does not offer adequate rehabilitation or substance abuse programs, that there is no evidence that the programs offered are effective, and that programs are not available to youth who have been ordered to participate by the parole board because inadequate number of program and inadequate staff, leading to the likelihood that those youth may have to wait to get into parole board ordered substance abuse programs and end up with longer stays in CYA facilities, due to their inability to access these services.

- “Substance abuse treatments do not comport with those recommended by the American Society of Addictions Medicine (ASAM) and there is little evidence that youth suffering these problems (85% of the CYA population as measured by the Steiner report), most of whom have a co-occurring mental health disorder, have treatments designed to treat these disorders in a comprehensive manner, except in one program . . . .” (Trupin and Patterson, p. 9)

**Health Care Services.** The expert report on health care includes findings that CYA policy and procedures, and actual practice do not ensure that wards have timely access to medical care, that there is policy guide for medication administration, and that the manner in which pharmaceuticals are procured, inventories, and dispensed is inefficient and wasteful.

- “A primary finding of our review is that medical care provided to wards in the CYA is not commensurate with community standards of care. However the deficiencies are mostly organizational and procedural and not primarily fiscal and therefore are mostly correctable within the existing budget.” (Puisis and LaMarre, p.6)
- “There is not a single person in the CYA who can responsibly discuss the cost of care, expenditures for health care, or the administration of the statewide healthcare program in a manner that demonstrated operational efficiency, standardization, and accountability.” (Puisis and LaMarre, p.17)

**Education.** The expert report on education includes findings that the critical areas of concern that need to be addressed are adequate funding for academic and special education staff, ward attendance, class cancellations, special education record keeping, providing adequate educational opportunities in restricted programs, and the need for increased institutional support for the education program.

- “Wards in all main high schools were observed being pulled from general and special education classes to attend other programs, including Board mandated activities, without regard to their educational needs. It is evident that education is not the primary focus during the school day. (O’Rourke and Gordon, p.8)

**Gang Violence.** The expert report on gang violence includes findings that gang violence and the threat of gang violence impacts programming at every CYA institution.

- “(T)he CYA is planning to standardize its gang awareness curriculum for wards and initiate a gang awareness orientation program at reception centers. The training curriculum needs to be reinforced in every institution. Also, the CYA needs to utilize volunteer groups to support what the department is attempting to accomplish in the area of reducing gang violence.” (Parry, p.16)

The Subcommittee may wish to ask CYA the following:

1. Can the recommendations found in the expert reports be implemented appropriately and effectively at the CYA?
2. Has the CYA eliminated the use of cages for educational and counseling purposes?
3. The expert reports cite problems with the physical plant problems at CYA, stating that institutions are antiquated and in a general state of disrepair. What plans does CYA have for updating its facilities?
4. What are CYA’s specific proposals to address the deficiencies highlighted in each report?
5. What performance measures or outcomes will CYA use to show whether proposed changes are actually being implemented?
6. What performance measures or outcomes would CYA use to show the budget subcommittee that the CYA is accomplishing its mission?
7. What is the status of the settlement negotiations?

## 2. Closure Plan

<b>Fiscal Impact of Closing Youth Authority Facilities</b> (In Thousands)							
		2003-04			2004-05		
Institution	Date	Savings	Offset for CS 4.10	Net Savings	Savings	Offset for CS 4.10	Net Savings
Karl Holton YCF	10/1/03	-\$7,360	\$3,542	-\$3,818	-\$9,858	\$3,542	-\$6,316
Ventura - Male	3/1/04	-1,169	548	-621	-3,068	548	-2,520
Northern Ca. Reception Center	3/1/04	-4,168	4,168	0	-15,404	4,168	-11,236
Accelerated Closure of 8 Living Units		-2,832	2,832	0			
Nelles YCF	7/1/04				25,939		-25,939
Mt. Bullion Camp	7/1/04				2,380		-2,380
<b>Totals</b>		<b>-\$15,529</b>	<b>\$11,090</b>	<b>-\$4,439</b>	<b>-\$56,649</b>	<b>\$8,258</b>	<b>-\$48,391</b>

Last year, the CYA indicated that it was closing down the Holton facility and the male portion of the Ventura facility. Due to the population declines at CYA, the Legislature approved statutory changes that required CYA to close a facility with a capacity of at least 640 by March 1, 2005.

*Closure Proposals.* In order to achieve additional savings, the CYA is closing the Northern California Reception Center by March 2004, accelerating the closure of the Nelles facility to July 1, 2004, and proposing the closure of the Mt. Bullion Camp by July 1, 2004. The savings from the Northern California Reception Center are estimated at \$4.2 million in the current year and \$15.4 million in the budget year. CYA is using the current year savings and a portion of the budget year savings to offset reductions pursuant to Control Section 4.10.

*Closure of Nelles.* The budget proposes savings of \$25.9 million in the 2004-05 from the closure of the Nelles facility in Whittier. The CYA indicates that the other four institutions considered for closure other than Nelles were Preston, Paso de Robles, Heman G. Stark, and Ventura. CYA indicated that the factors for choosing Nelles include

- Infrastructure repairs at Nelles are estimated at \$70 million, which CYA indicated was more than double the cost of any other facility.
- The fact that Nelles had only one specialized program to be moved.
- The population at Nelles had fallen to 340 (from a capacity of 640).

*Status of the Plan Specifying Priorities for Enhanced Services.* Legislation requiring the closure of a facility by March 5, 2005 also provided that up to 50 percent of the initial year of savings shall be available to the department in 2005-06 to implement a plan specifying priorities for enhanced services. That plan is due to the Legislature at the time of the May Revision this year. *The Subcommittee may wish to ask about the status of the plan.*

*Staff Comments.* Concerns have been raised about the closure of Nelles because it is the only institution in Southern California for wards under 18.

The Subcommittee may wish to ask the CYA the following:

- What is the plan for closing Nelles and transitioning youthful offenders to other facilities?
- What efforts is CYA making to keep wards at Nelles close to their families and communities?

*Staff Recommendation.* Staff recommends holding this item open at this time.

Held open.

**Closure of Mount Bullion Camp.** The budget proposes savings of \$2.4 million in 2004-05 from the closure of the Mount Bullion Camp in Mariposa County. This camp is located on CDF property and assists CDF fire crews during fire season. This is one of four camp programs operated by the CYA.

**Department Rationale.** The CYA indicates that it is proposing the closure of this camp because there are not enough qualified wards to fill the camp facilities. CDF has minimum criteria for accepting wards into the program. Current criteria includes: no history of arson, no escapes, only low level offenders, and the ward must be discipline free for one year. CYA indicates that Mt. Bullion was proposed for closure because it had the lowest population of the camps at the time – 38 wards.

The Subcommittee may wish to ask CYA the following:

- Why should the Subcommittee endorse the closure of any CYA-operated camp or forestry camp, when these smaller scale facilities appear to be a much closer fit with accepted youth corrections standards and models?

**Staff Recommendation.** Staff recommends holding this item open at this time.

Action.

Held open.

### 3. Structural Reform Issues

Many argue that the problems confronting CYA cannot be solved by focusing solely the deficiencies that have been identified by the expert reports. More fundamental, structural reforms should be considered to address the underlying causes that have lead to the current conditions at CYA. These reforms may be considered in the context of whether existing resources are being used efficiently and effectively.

In addition, CYA has been a key component of California's state/local juvenile justice system. In this bifurcated state-county approach, the state operates the CYA for the most serious offenders coming out of the juvenile courts – about 2% of all juvenile offenders. The counties maintain responsibility for supervision, placement and treatment of the remaining 98% of juveniles. It can be argued that the structure of the existing system does not encourage an effective state-local partnership.

As part of the Governor's California Performance Review (CPR) process, the Administration is convening a working group of key stakeholders in the state-local juvenile justice system for the purpose of developing a consensus about the role of CYA in the overall juvenile justice system.

The Subcommittee may wish to ask CYA the following:

1. What vision and plan do you have for reducing the total population of the Youth Authority, and its total cost to the state, over the next five years? What "core" population should the Youth Authority have, five years from now?
2. In this regard, what steps can you recommend to reduce the escalating lengths of stay (average time served) by CYA wards, particularly for those in the lower PCD (Parole Consideration Date) categories? What specific adjustments in PCD setting, time add policies or release decision-making can you recommend to provide control over escalating stays that push state corrections costs higher without documented improvements in recidivism rates?

3. What plans, if any, do you have to alter or convert existing “large scale” institutions to smaller-scale facilities with smaller unit sizes (down from average 60 or 70 to more like 30 per unit)?
4. What plans, if any, do you have to improve and intensify parole services for CYA wards, including the key elements of locating housing and finding a job? What plans, if any, do you have to develop additional, graduated sanctions for CYA parolees, such as half-way houses?
5. What is the status of the Governor’s plan, referenced in the January Budget Proposal and recirculated later as an “extended juvenile jurisdiction” proposal, to cut CYA jurisdiction to age 21 or 22 and shift the older juvenile court population to state prisons?
6. What are your recommendations for the future use of CYA institutional properties, such as Fred C. Nelles, that are slated for closure? Specifically, what are the best uses of these closed properties within the context of youth corrections—i.e. uses that will apply their value to the improvement of our state’s overall youth corrections system in future years? For example, can these properties be converted to secure and small-scale facilities dedicated to serving some of the most difficult ward populations, such as those with serious mental health disorders? Are there current plans to abandon these properties to buyers or uses outside the youth correctional system?
7. CYA’s mission establishes priority for “community restoration, victim restoration, and offender training and treatment.” Would CYA achieve these objectives more effectively if it was housed in the Health and Human Services Agency?

#### **4. Restructure of the Gang Violence Reduction Project**

*Budget Request.* The budget proposes to redirect the Gang Violence Reduction Project away from community based programs and fund programs providing direct services to the Youth Authority population and to renew the CYA contract with the Volunteers in Parole (VIP) program to focus on gang members.

*Staff Recommendation.* Staff recommends holding this item open.

Action.

Held open.

#### **5. LAO Options for Reductions**

In its Analysis, LAO has cited two potential options for reductions at CYA:  
Elimination of Gang Violence Reduction Program (\$1.7 million)

Elimination of Young Men as Fathers Program (\$0.9 million)

*Staff Recommendation.* Staff recommends holding these items open at this time.

Held open.

# 5460 California Youth Authority

## Capital Outlay

*Budget Request.* Budget includes \$2.75 million from the General Fund for the following cap outlay purposes:

- \$250,000 for budget packages and advanced planning
- \$2.5 million for minor cap outlay

### 1. Supplemental Report Language

Last year Supplemental Report Language directed CYA to prepare and submit two reports:

Facility Condition Report

Mental Health Treatment Facilities Plan

*Analyst's Recommendation.* Both reports due November. The LAO has raised the issue that they have not been submitted and recommends withholding action on the CYA capital outlay budget pending receipt of the reports.

*Staff Recommendation.* The department indicates that the reports are complete and are under the review process at YACA agency. Staff recommends withholding action on the capital outlay budget pending receipt of the reports.

Action.

### 2. Use of Planing Monies to Fund Preliminary Plans.

Item 5460-301-0001(1) of the 2004-05 Budget Act appropriates \$250,000 to the department for "Pre-Schematic/Master Planning Budget Packages and Advanced Planning." Provision 1 of that item provides that these funds may be used for "budget package development, architectural programming, engineering assessments, schematic design, and preliminary plans." This same provision has been included in prior budget acts as well.

With one exception, the LAO believes that all of these services may be needed to provide the administration and the Legislature with sufficient information to make informed decisions about funding a project. The exception involves preliminary plans. Funding the preparation of preliminary plans constitutes a commitment to proceed with a project. The LAO indicates that permitting these planning funds to be used for preparation of preliminary plans allows the administration to make a commitment to a project without it first being subjected to legislative consideration. It puts the Legislature in the position of being asked to fund working drawings and construction of a facility that it has not had an opportunity to review.

*Analyst's Recommendation.* In order to maintain the Legislature's options when considering capital outlay proposals, the LAO recommends that Provision 1 of Item 5460-301-0001 of the budget bill be amended to delete authorization for funds appropriated under Schedule (1) to be expended for preparation of preliminary plans.

*Staff Comments.* This is similar to an issue raised in the CDC capital outlay budget. In the current year, the CDC is moving forward with preliminary plans for a hemo-dialysis project which they anticipate could save up to \$6 million annually in medical guarding and transportation costs.

Action.

Held open.